

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 93-670-W/S - ORDER NO. 96-534

AUGUST 7, 1996

IN RE: Application of Mountain Bay Estates)
Utility Company, Inc. for an Increase)
in Water and Sewer Rates.)
) ORDER
) APPROVING
) AMENDED
) PETITION

This matter comes before the Public Service Commission of South Carolina (the Commission) on the July 26, 1996 request for approval of amendments to a Petition to place rates into effect under bond and a request for approval of the bond.

On June 21, 1995, Mountain Bay Estates Utility Company, Inc. (Mountain Bay or the Company) sought to place rates requested by Mountain Bay, but not approved by the Commission, into effect under bond, pursuant to S. C. Code Ann. §58-5-240(D). The Commission had rejected the Company's request for a rate increase. At the time, Mountain Bay requested that the Commission allow it to place into effect its entire requested increase of \$50.00 per month under the bonding provision. Pursuant to its letter of July 26, 1996, counsel for Mountain Bay requested an amendment to that June 21, 1995 request. Mountain Bay wishes to decrease the amounts it will place into effect under bond for its residential water and sewer customers to a total of \$35.00 per month.

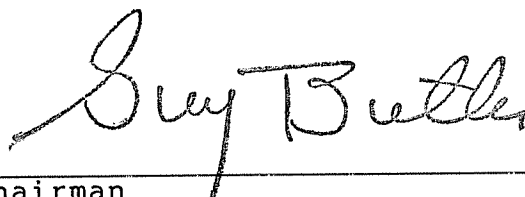
According to Mountain Bay, based upon the Commission's formula of multiplying the increase in rates by 2 and then by $1\frac{1}{2}$, and Mountain Bay's previous customer inventory, the correct amount for the bond should be \$309,492. Mountain Bay also states that by placing only a portion of its requested rate increase into effect under bond, Mountain Bay is not waiving on appeal its entitlement to the entire rate increase request.

The Commission has examined this matter, and holds that S. C. Code Ann. §58-5-240(D) requires the Commission to allow a utility such as Mountain Bay to put its requested but denied rates into effect under bond. The Commission, under that statute, must approve the proper amount of the bond, and assure that a proper surety is proposed. The Commission has examined the request by Mountain Bay in this case, and believes that both the amount and the surety as proposed by the Company are appropriate, and that under the authority of the statute, the Company may charge \$35.00 per month, per residential customer as proposed by it, strictly under the provisions of that bond, and the statute. Should the Company not prevail, it must pay back to the customers the excess rates collected, plus 12% interest. The Company must post an irrevocable letter of credit from a United States banking institution insured by the Federal Deposit Insurance Company in the amount of \$309,492 with the Commission prior to charging the rates under bond. The Commission also finds the notice is a reasonable one as proposed by the Company.

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This Order shall remain in full force and effect until
further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Deputy Executive Director
(SEAL)